

SENATE BILL 7

Unofficial Copy
K4

2001 Regular Session
1r0418

(PRE-FILED)

By: **Senator Exum**

Requested: August 25, 2000

Introduced and read first time: January 10, 2001

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Law Enforcement Officers' Pension System - Contributions**

3 FOR the purpose of altering the contribution rate of members of the Law Enforcement
4 Officers' Pension System; requiring the State to pay a certain amount to the
5 Law Enforcement Officers' Pension System to offset payments by participating
6 governmental units under certain circumstances; and generally relating to
7 pension contributions made by the State and members of the Law Enforcement
8 Officers' Pension System.

9 BY repealing and reenacting, with amendments,
10 Article - State Personnel and Pensions
11 Section 21-306.1(a) and 26-204
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2000 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - State Personnel and Pensions**

17 21-306.1.

18 (a) (1) [Each] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
19 SUBSECTION, EACH fiscal year, on behalf of its employees who are members of the
20 Law Enforcement Officers' Pension System, a participating governmental unit shall
21 pay an amount equal to or greater than the product of multiplying:

22 (i) the aggregate annual earnable compensation of those members;
23 and

24 (ii) the sum of the normal contribution rate and the accrued
25 liability contribution rate, as determined under this section.

26 (2) (I) FOR EACH FISCAL YEAR IN WHICH THE SUM OF THE NORMAL
27 CONTRIBUTION RATE AND THE ACCRUED LIABILITY RATE EXCEEDS 28%, THE STATE

1 SHALL PAY AN AMOUNT EQUAL TO THE EXCESS OVER 28% OF THE SUM OF THE
2 NORMAL CONTRIBUTION RATE AND THE ACCRUED LIABILITY RATE MULTIPLIED BY
3 THE AGGREGATE ANNUAL EARNABLE COMPENSATION OF THE EMPLOYEES OF A
4 PARTICIPATING GOVERNMENTAL UNIT WHO ARE MEMBERS OF THE LAW
5 ENFORCEMENT OFFICERS' PENSION SYSTEM.

6 (II) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS PARAGRAPH,
7 THE STATE MAY NOT PAY MORE THAN 4% OF THE AGGREGATE ANNUAL EARNABLE
8 COMPENSATION OF THE EMPLOYEES OF A PARTICIPATING GOVERNMENTAL UNIT
9 WHO ARE MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

10 (3) THE AMOUNT THAT A PARTICIPATING GOVERNMENTAL UNIT IS
11 REQUIRED TO PAY UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED
12 BY THE AMOUNT PAID BY THE STATE UNDER PARAGRAPH (2) OF THIS SUBSECTION.

13 (4) Each fiscal year, in addition to the amounts required to be paid under
14 paragraph (1) of this subsection, a participating governmental unit shall pay:

15 (i) the special accrued liability contribution required by subsection
16 (d) of this section; and

17 (ii) any withdrawal liability contribution required by subsection (e)
18 of this section.

19 [(3)] (5) The amounts determined under paragraphs (1) [and (2)]
20 THROUGH (4) of this subsection shall be based on an actuarial determination of the
21 amounts that are required to preserve the integrity of the accumulation fund of the
22 Law Enforcement Officers' Pension System, using:

23 (i) the entry-age actuarial cost method;

24 (ii) actuarial assumptions adopted by the Board of Trustees; and

25 (iii) the asset valuation method recommended by the actuary and
26 adopted by the Board of Trustees.

27 [(4)] (6) The actuary shall compute the contributions payable under this
28 section.

29 [(5)] (7) The amounts computed under this section are a charge against
30 the participating governmental unit to be paid in accordance with § 21-309 of this
31 subtitle.

32 26-204.

33 [(a) Except as provided in subsection (b) of this section, a] A member's
34 contribution rate is [4%] 8% of the member's earnable compensation.

35 [(b) (1) This subsection applies only to a member who:

1 (i) transferred to the Law Enforcement Officers' Pension System
2 from the Employees' Retirement System; and

3 (ii) did not elect to participate in the Law Enforcement Officers'
4 Modified Pension Benefit on or before December 31, 2000 as provided in § 26-211 of
5 this article.

6 (2) The contribution rate for a member who has transferred from the
7 Employees' Retirement System is the rate set under:

8 (i) Section 22-214(a) of this article, for a member who had elected
9 Selection A (Additional member contributions) under § 22-219 of this article; or

10 (ii) Section 22-214(b) of this article, for a member who had elected
11 Selection B (Limited cost-of-living adjustment) under § 22-220 of this article.]

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2001.